AMERICA
APRIL 25, 1964

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Trading With Communists

A complex question receiving different answers from business and government

Very appropriately, the first witness at the Senate Foreign Relations Committee's current hearings on trade with the Soviet bloc was Dean Rusk. The Secretary of State emphasized two points.

The first was that trade with Communist countries cannot be conducted on a purely commercial basis. It must be influenced by the political and military issues that divide East and West.

His second point was that trade policy, since it should be based on military, political and economic realities, must be flexible. This requires, Mr. Rusk explained, "that we make distinctions among Communist countries."

Since in the context of the hearings these points were merely a restatement of present policy, the only conclusion that could be drawn from the Secretary's testimony was that the Administration has no intention at this time of making any changes. It is determined to pursue the restrictionist policy that has governed U. S.-Soviet trade for more than a decade now. Apparently the wheat deal is to be regarded, not as the first step toward more liberal trade, but as a one-shot operation.

On March 16, however, just three days after Mr. Rusk's appearance, the Secretary of Commerce, Luther H. Hodges, told the committee that he favored "the maximum of peaceful trade" with the Communist countries of Eastern Europe. Warning that we were drifting farther and farther apart from our allies on the matter of Communist trade, he thought that the time had come to re-examine U. S. export controls. "I believe," he said, "in giving U. S. sellers a chance to sell goods if these [Communist] countries can get the same goods elsewhere."

Inasmuch as Secretary Rusk was obviously giving the Administration line, one must conclude that Secretary Hodges was speaking only for himself. It is also possible, however, that, as the one Cabinet member devoted ex officio to the well-being of the business community, Mr. Hodges was also reflecting an industry attitude toward Communist trade. Last fall, at the White House conference on expanding exports, the 200 business participants spontaneously recommended that the government restudy its policy on trade with the Soviet bloc. The item hadn't been included in the agenda.

This clashing testimony by two Cabinet members illustrates the split, not only in the Administration but in the country at large, over the issue of trade with Communist countries. It is an exceedingly difficult and complex issue, typical of so many issues today in that it cannot be resolved with any degree of certainty or security. Most of us probably experience the split within ourselves. We see the advantages of normalizing trade with the Soviet bloc, yet cannot bring ourselves to accept such trade as wise or desirable. One day we favor "an opening to the East." The next day, especially if the morning paper reports another Soviet attack on an unarmed U. S. plane, we wouldn't touch anything Communist with a ten-foot pole. We experience what President Kennedy felt last fall when, in the midst of the wheat negotiations, the Russians arrested Prof. Frederick C. Barghoorn of Yale as a spy. The arrest, said the President at the time, had damaged the atmosphere for trade.

The issue is complicated by the irritating and frustrating fact that our allies do not suffer from schizophrenia—at least not to the extent we do. Over the past decade Western Europe's trade with the Soviet bloc tripled. It was valued last year at about $5 billion, and it is growing. On a single day last winter, February 5, three free-world governments announced the renewal or expansion of trade agreements with the Soviet Union or one of its satellites.

Italy and the Soviet Union initialed a new pact covering trade through 1969. It calls for a gradual expansion of trade that will reach $400 million in the final year of the agreement. In addition to consumer goods, the Italians will export synthetic rubber and industrial machinery.

Moscow and Tokyo agreed that during the second year of the three-year pact signed last year, trade would be increased by 13 per cent over 1963. It will amount to $270 million. The terms call for Russian shipments of crude oil, lumber and coal in exchange

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